



Advanced Asset Consultants

Chartered Financial Planners



Time to get your retirement plans in motion?

Three in five Britons feel stressed about later life planning

It's only natural, in a world where most people are worried about things that are beyond their control – the rising cost of living, increasing inflation and interest rates that haven't been seen for years – that you may also feel out of your depth when it comes to things like pensions and later life preparations.

When it comes to later life planning, more than three in five people (61%) feel stressed when they think about their retirement. This figure rises to almost three-quarters (74%) of 25–34-year-olds, new research has highlighted^[1].

Unsurprisingly, given the current economic climate, all age groups, with the exception of the over-55s, admit to being stressed about: whether or not they will have enough money set aside at retirement to do all the things they want to do (71%); how long their pension pot will last (65%); whether or not they are paying enough into their pension pot (59%); and how early they need to start paying into a pension (49%).

In the majority of cases, the most anxious across all age groups are the 25–34-year-olds, with the starkest contrasts in numbers being around how early they need to start paying into a pension (70% vs 49% nat.avg), whether or not they should have more than one pension pot (70% vs 50%) or if they are paying enough into their pension savings (77% vs 59%).

However, with a little planning and simple rules of thumb, you can feel more in control of your savings and know if you are on track for the lifestyle you want in your retirement.

GIVE YOU GREATER CONTROL OVER WHEN YOU RETIRE AND WITH HOW MUCH MONEY

How long? Aim to save for your retirement at least 40 years before you want to retire. The later you leave it, the more you will need to save each month to reach your target.

How much? Try to save at least 12.5% of your salary towards your pension every month – this may seem challenging at the moment but something to aim for. And remember, this can include money from you, your employer and the government.

Final pot size? Aim to amass a pension pot of at

least ten times your salary by the time you retire.

Tax relief: Take advantage of the tax relief offered by the government to boost your savings. When saving into a pension, for every £8 you save, the taxman adds an extra £2.

Employer contributions: Every employer in the UK must provide eligible employees with a workplace pension. Not only that, but they must contribute to this pension. Some employers will contribute more if you save more, helping towards the 12.5% target.

Invest wisely: By investing your money, in a pension or elsewhere, your money can grow through to your target retirement date.

Investment risk: The value of investments can go down as well as up and you may get back less than has been invested but remember that investing in a pension is a long-term investment and over time you could reap greater rewards.

Keep checking: Saving for your retirement should not be a 'set and forget' activity. Use your annual pension statement to check if you are on track for your retirement target.

Reframe your expectations: Life expectancy in retirement could be 20 years or more, so bear in mind how long your money may need to last.

Use the pension freedoms: From 2015, the pension freedoms allow more flexibility in retirement planning, but take time to understand the options before acting.

Search for lost pensions: There are close to 3m lost pensions in the UK where pension providers and clients have lost touch with each other; this equates to £26.6bn, or £9,470 per person^[2]. If you think you've lost touch with a pension check with the Pension Tracing Service. ■

NEED A HELPING HAND WITH YOUR RETIREMENT PLANS?

Using expert advice to help plan your pension could help you to achieve greater financial freedom when you decide to stop working. Find out how we can help guide your future plans. If you would like to reassess your current financial situation and review your goals, we're here to listen.

Source data:

[1] Research was conducted by Censuwide between 06/10/22–10/10/22 from 2,001 general consumers, national representative sample. Censuwide abide by and employ members of the Market Research Society, which is based on the ESOMAR principles.

[2] <https://www.pensionspolicyinstitute.org.uk/media/4185/20221027-ppi-bn134-lost-pensions-2022-whats-the-scale-and-impact.pdf>

A PENSION IS A LONG-TERM INVESTMENT NOT NORMALLY ACCESSIBLE UNTIL AGE 55 (57 FROM APRIL 2028 UNLESS PLAN HAS A PROTECTED PENSION AGE).

THE VALUE OF YOUR INVESTMENTS (AND ANY INCOME FROM THEM) CAN GO DOWN AS WELL AS UP WHICH WOULD HAVE AN IMPACT ON THE LEVEL OF PENSION BENEFITS AVAILABLE.

YOUR PENSION INCOME COULD ALSO BE AFFECTED BY THE INTEREST RATES AT THE TIME YOU TAKE YOUR BENEFITS.

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